

Message Text

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PAGE 01 BELGRA 05714 261358Z
ACTION XMB-04

INFO OCT-01 EUR-12 ISO-00 EB-08 COME-00 TRSE-00 /025 W
-----070541 261359Z /43

P R 231400Z AUG 77
FM AMEMBASSY BELGRADE
TO SECSTATE WASHDC PRIORITY 2122
INFO AMCONSUL ZAGREB
AMEMBASSY BUCHAREST PRIORITY

UNCLAS BELGRADE 5714

PASS TO EXIM BANK

E.O. 11652: N/A
TAGS: EGEN, YO
SUBJECT: DJERDAP-II HYDROELECTRIC PROJECT

REF: A. BELGRADE 5593 B. STATE 194348

EMBASSY COMMERCIAL ATTACHE AND COMMERCIAL SPECIALIST SPOKE WITH
OFFICIALS OF DJERDAP AND INVEST-IMPORT (YUGOSLAV IMPORTER FOR
DJERDAP) AUGUST 22. CONVERSATION PRODUCED FOLLOWING NEW INFORMATION:

1. BID DEADLINE FOR DJERDAP-II HAS BEEN PROLONGED TO SEPT.
30, 1977 RPT SEPT. 30.

2. FINANCIAL REQUIREMENTS: YUGOSLAV INVESTOR SEEKING FOREIGN
CREDIT FOR IMPORTED EQUIPMENT PLUS ADDITIONAL FINANCIAL CREDIT
EQUAL TO THIRTY PERCENT OF VALUE OF IMPORTED EQUIPMENT TO COVER
LOCAL COSTS.

3. COMMERCIAL REQUIREMENTS: COUNTERTRADE IN USPECIFIED AMOUNT
(FORMULA CONTAINED IN PARA. 2.10.1 OF TENDER DEOUMENTS WHICH ARE
IN POSSESSION OF ALLIS CHALMERS). FURTHER, TWENTY-FIVE PERCENT
LOCAL INDUSTRY PARTICIPATION IS REQUIRED, (BY VALUE, OR BY
QUANTITY. FOR EXAMPLE: TWO OUT OF EIGHT TURBINES AND GEN-
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ERATORS MANUFACTURED ACCORDING TO SUPPLIERS TECHNICAL DOCUMENTATION.
NO LICENSE RIGHTS SOUGHT AS YUGOSLAVS DO NOT INTEND LAUNCH
COMMERCIAL PRODUCTION).

4. ONLY YUGOSLAV MANUFACTURERS ABLE TO PRODUCE ACCORDING TO
SUPPLIERS'S DOCUMENTATION ARE LITOSTROJ FOR TURBINES; RADE KONCAR
FOR GENERATORS.

5. THUS FAR TWO JAPANESE, ONE SOVIET, ONE CZECH, ONE POLISH, AND SEVERAL WEST GERMAN AND FRENCH FIRMS HAVE EXPRESSED INTEREST IN BIDDING ON THIS PROJECT.

6. INVESTOR (OBLIGOR TO EXIM) IS HYDROELECTRIC POWER ENTERPRISE DJERDAP, WHICH IS MEMBER OF ASSOCIATED ELECTRICAL ECONOMY OF SERBIA (ZEP-ZDRUZENO ELEKTROPRIVREDNO PREDUZECE SRIIJE).

7. BOTH BEOGRADSKA BANKA AND THE YUGOSLAV INVESTMENT BANK STANDING BEHIND THIS PROJECT, AND ARE READY TO GUARANTEE EXIM LOAN (ACCORDING TO DJERDAP AND THEIR IMPORTER INVEST-IMPORT). DJERDAP-II COSTS WILL BE RECOUPED NOT ONLY FROM ITS OWN EARNINGS, BUT FROM SERBIAN ASSOCIATED ENTERPRISE'S EARNINGS, OF WHICH DJERDAP IS A PART.

8. DJERDAP ENTERPRISE HAS REPAID 50 PERCENT OF THE COST OF DJERDAP-I.

9. TECHNICAL LEVEL OF MOST EQUIPMENT BEING ALMOST EQUAL WORLDWIDE, IMPRESSION WAS GIVEN THAT FINANCIAL AND COMMERCIAL CONDITIONS OF A BID MAY CARRY MORE WEIGHT THAN SLIGHT TECHNICAL/ QUALITY SUPERIORITY.

10. DJERDAP-II IS JOINT YUGOSLAV-ROMANIAN PROJECT INSOFAR UNCLASSIFIED

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BOTH COUNTRIES WILL SHARE SAME LOCATION. HOWEVER, EIGHT TURBINES/GENERATORS ON THE YUGOSLAV SIDE AND SAME NUMBER ON THE ROMANIAN SIDE WILL PRODUCE AND DISTRIBUTE ENERGY QUITE INDEPENDENTLY. ALTHOUGH THE TWO SIDES HAVE DECLARED THAT UNIFORMITY OF EQUIPMENT IS DESIRABLE, IT IS NOT A REQUIREMENT.

11. YUGOSLAVS HAVE DEFINITE PLANS FOR BUILDING DJERDAP-III ON THE YUGOSLAV SIDE OF THE DIANUBE ONLY. LOCATION DONJI MILANOVAC. PROJECT TO BEGIN AFTER 1980. SIZE IS 2400 MW (8X300 MW) IN FOUR BLOCKS. REVERSIBLE TYPE TURBINES WILL BE USED.
WORTZEL

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FINANCE, EQUIPMENT, CONSTRUCTION, HYDROELECTRIC POWER PLANTS, PROGRAMS (PROJECTS), PROPOSALS (BID), INVESTMENTS
Control Number: n/a
Copy: SINGLE
Sent Date: 23-Aug-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977BELGRA05714
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770309-0541
Format: TEL
From: BELGRADE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770835/aaaabdao.tel
Line Count: 107
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 57086956-c288-dd11-92da-001cc4696bcc
Office: ACTION XMB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 77 BELGRADE 5593
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 26-Nov-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1521857
Secure: OPEN
Status: NATIVE
Subject: DJERDAP-II HYDROELECTRIC PROJECT
TAGS: EGEN, ENRG, YO
To: STATE
Type: TE
vdkgvkey: odb://SAS/SAS.dbo.SAS_Docs/57086956-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009